SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2001.

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File No. 0-30321

QUESTAR MARKET RESOURCES, INC.
(Exact name of registrant as specified in its charter)

STATE OF UTAH	87-0287750
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. Box 45601, 180 East 100 South, Salt Lake City, Utah	84145-0601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 324- 2600

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 30, 2001
Common Stock, $1.00 par value	4,309,427 shares

Registrant meets the conditions set forth in General Instruction H(a)(1) and (b) of Form 10-Q and is filing this Form 10-Q with the reduced disclosure format.

PART I FINANCIAL INFORMATION
Item 1. Financial Statements

QUESTAR MARKET RESOURCES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended March 31, 2001	3 Months Ended March 31, 2000
	(In Thousands)	
REVENUES	$ 258,846	$ 141,761
OPERATING EXPENSES		
Cost of natural gas and other products sold	141,580	63,893
Operating and maintenance	23,684	22,918
Depreciation and amortization	19,963	20,977
Other taxes	16,837	7,314
Wexpro settlement agreement - oil income sharing	1,179	984
TOTAL OPERATING EXPENSES	203,243	116,086
OPERATING INCOME	55,603	25,675
INTEREST AND OTHER INCOME	2,578	1,093
MINORITY INTEREST	62	
INCOME FROM UNCONSOLIDATED AFFILIATES	49	999
DEBT EXPENSE	(4,985)	(5,370)
INCOME BEFORE INCOME TAXES	53,307	22,397
INCOME TAXES	19,373	7,348
NET INCOME	$ 33,934	$ 15,049

See notes to consolidated financial statements

QUESTAR MARKET RESOURCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2001 (Unaudited)	December 31, 2000
	(In Thousands)	
ASSETS		
Current assets		
Cash and cash equivalents		$ 3,980
Notes receivable from Questar Corp.	$ 20,300	
Accounts receivable, net	121,660	148,433
Qualifying hedging collateral	7,338	48,377
Inventories, at lower of average cost or market -		
Gas and oil storage	345	7,618
Materials and supplies	3,725	2,298
Prepaid expenses and other	7,251	4,828
Total current assets	160,619	215,534
Property, plant and equipment	1,645,875	1,657,291
Less accumulated depreciation and amortization	867,641	853,037
Net property, plant and equipment	778,234	804,254
Investment in unconsolidated affiliates	15,255	15,417
Other assets		
Cash held in escrow account	26,518	5,387
Other	3,119	4,344
	29,637	9,731
	$ 983,745	$1,044,936
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Checks outstanding in excess of cash balance	$ 741	
Short-term loans		$ 12,500
Notes payable to Questar Corp.	10,500	51,000
Accounts payable and accrued expenses	142,410	164,325
Hedging liability	52,011	
Total current liabilities	205,662	227,825
Long-term debt	229,414	244,377
Other liabilities	8,758	13,847
Deferred income taxes	81,880	96,459
Minority interest	5,325	5,483
Common shareholder's equity		
Common stock	4,309	4,309
Additional paid-in capital	116,027	116,027
Retained earnings	367,739	338,130
Other comprehensive loss	(35,369)	(1,521)
Total common shareholder's equity	452,706	456,945
	$ 983,745	$ 1,044,936

See notes to consolidated financial statements

QUESTAR MARKET RESOURCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended March 31, 2001	2000
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	$ 33,934	$ 15,049
Depreciation and amortization	20,142	21,148
Deferred income taxes	6,531	357
(Income) loss from unconsolidated affiliates, net of cash distributions	162	(924)
Changes in operating assets and liabilities	45,474	(4,494)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	106,243	31,136
INVESTING ACTIVITIES		
Capital expenditures	(24,451)	(80,336)
Proceeds from disposition of property, plant and equipment	25,170	305
NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES	719	(80,031)
FINANCING ACTIVITIES		
Change in notes receivable from Questar Corp.	(20,300)	4,000
Change in notes payable to Questar Corp.	(40,500)	25,200
Checks outstanding in excess of cash balance	741	(1,246)
Change in short-term loans	(12,500)	
Cash in escrow account	(21,131)	(583)
Long-term debt issued	185,000	33,402
Long-term debt repaid	(197,569)	(5,000)
Other	(159)	
Payment of dividends	(4,325)	(4,325)
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	(110,743)	51,448
Foreign currency translation adjustment	(199)	(347)
Change in cash and cash equivalents	(3,980)	2,206
Beginning cash and cash equivalents	3,980	
Ending cash and cash equivalents	$ -	$ 2,206

See notes to consolidated financial statements

QUESTAR MARKET RESOURCES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2001
(Unaudited)

Note 1 - Basis of Presentation

The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Due to the nature of the business, the results of operations for the three-month period ended March 31, 2001, are not necessarily indicative of the results that may be expected for the year ending December 31, 2001. For further information refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2000,

Note 2 - Financing

On March 6, 2001, Market Resources in a public offering issued $150 million of 7.5% notes due 2011. Market Resources applied the proceeds of the debt offering to repay a portion of its outstanding floating-rate bank debt.

Note 3 - Operations By Line of Business

	3 Months Ended March 31, 2001	2000
	(In Thousands)	
REVENUES FROM UNAFFILIATED CUSTOMERS		
Exploration and production	$ 78,320	$ 49,509
Cost of service	5,066	3,844
Gathering, processing and marketing	147,479	66,118
	$ 230,865	$ 119,471
REVENUES FROM AFFILIATED COMPANIES		
Exploration and production	$ 4	$ -
Cost of service	23,375	17,130
Gathering, processing and marketing	4,602	5,160
	$ 27,981	$ 22,290
DEPRECIATION AND AMORTIZATION EXPENSE		
Exploration and production	$ 14,824	$ 16,076
Cost of service	3,768	3,537
Gathering, processing and marketing	1,371	1,364
	$ 19,963	$ 20,977
OPERATING INCOME		
Exploration and production	$ 40,332	$ 15,805
Cost of service	10,489	9,031
Gathering, processing and marketing	4,782	839
	$ 55,603	$ 25,675

Note 3 - Operations By Line of Business (continued)

NET INCOME		
Exploration and production	$ 23,688	$ 8,396
Cost of service	6,584	5,787
Gathering, processing and marketing	3,662	866
	$ 33,934	$ 15,049
FIXED ASSETS - NET		
Exploration and production	$ 544,990	$ 549,552
Cost of service	155,619	134,968
Gathering, processing and marketing	77,625	71,024
	$ 778,234	$ 755,544
GEOGRAPHIC INFORMATION		
REVENUES		
United States	$ 245,500	$ 134,788
Canada	13,346	6,973
	$ 258,846	$ 141,761
FIXED ASSETS - NET		
United States	$ 678,236	$ 648,922
Canada	99,998	106,622
	$ 778,234	$ 755,544

Note 4 - Comprehensive Income

Comprehensive income is the sum of net income as reported in the Consolidated Statement of Income and other comprehensive income transactions reported in Shareholder's Equity. Other comprehensive income transactions that currently apply to QMR result from changes in the market value of energy-hedging contracts and changes in holding value resulting from foreign currency translation adjustments. These transactions are not the culmination of the earnings process, but result from periodically adjusting historical balances to market value. Income or loss is realized when the gas or oil underlying the hedging contracts is sold. In 2000, other comprehensive income included mark-to-market adjustments of securities available for sale. QMR sold the balance of these securities late in 2000.

	3 Months Ended March 31, 2001	2000
	(In Thousands)	
Comprehensive Income:		
Net income	$ 33,934	$ 15,049
Other comprehensive income (loss)		
Unrealized loss on hedging transaction	(52,100)	
Unrealized gain on securities available for sale		2,120
Foreign currency translation adjustments	(2,645)	(575)
Other comprehensive income (loss) before income taxes	(54,745)	1,545
Income taxes on other comprehensive income (loss)	(20,897)	548
Net other comprehensive income (loss)	(33,848)	997
Total comprehensive income	$ 86	$ 16,046

Note 5 - New Accounting Standard - "Accounting for Derivative Instruments and Hedging Activities"

The Company adopted the accounting provisions of SFAS 133, as amended, "Accounting for Derivative Instruments and Hedging Activities" beginning in January 2001. SFAS 133 addresses the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. Under the standard, entities are required to carry all derivative instruments in the balance sheet at fair value. The accounting for changes in fair value, which result in gains or losses, of a derivative instrument depends on whether such instrument has been designated and qualifies as part of a hedging relationship and, if so, depends on the reason for holding it. If certain conditions are met, entities may elect to designate a derivative instrument as a hedge of exposure to changes in fair value, cash flows or foreign currencies. If the hedged exposure is a fair-value exposure, the gain or loss on the derivative instrument is recognized in earnings in the period of the change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. If the hedged exposure is a cash-flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of other comprehensive income in the shareholders' equity section of the balance sheet and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any amounts excluded from the assessment of hedge effectiveness, as well as the ineffective portion of the gain or loss, is reported in earnings immediately.

As of January 1, 2001, the Company structured a majority of its energy derivative instruments as cash flow hedges. As a result of adopting SFAS 133 in January 2001, the Company recorded a $121 million hedging liability for derivative instruments. The hedging liability fell to $52 million as of March 31, 2001. Settlement of contracts accounted for $47.3 million of the decrease, while a decrease in prices of gas and oil on futures resulted in a $21.7 million decline. The offset to the hedging liability, net of income taxes, was a $32.4 million unrealized loss on hedging activities recorded in other comprehensive income in the shareholder's equity section of the balance sheet. The ineffective portion of hedging transaction recognized in earnings was not significant. The fair-value calculation does not consider changes in fair value of the corresponding scheduled equity physical transactions.

The contracts at March 31, 2001 had terms extending through December 2003. About 86% of those contracts, representing approximately $49 million, settle and will be reclassified from other comprehensive loss in the next 12 months.

Note 6 - Reclassifications

Certain reclassifications were made to the 2000 financial statements to conform with the 2001 presentation.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

QUESTAR MARKET RESOURCES, INC.
March 31, 2001
(Unaudited)

Operating Results

Questar Exploration and Production, Wexpro, Questar Gas Management and Questar Energy Trading, collectively Questar Market Resources (QMR or the Company), conduct exploration and production, gas gathering and processing, and energy marketing operations. Following is a summary of QMR's financial results and operating information.

	3 Months Ended March 31, 2001	3 Months Ended March 31, 2000
FINANCIAL RESULTS - (dollars in thousands)		
Revenues		
From unaffiliated customers	$ 230,865	$ 119,471
From affiliates	27,981	22,290
Total revenues	$ 258,846	$ 141,761
Operating income	$ 55,603	$ 25,675
Net income	$ 33,934	$ 15,049
OPERATING STATISTICS		
Production volumes		
Natural gas (in million cubic feet)	15,787	16,950
Oil and natural gas liquids (in thousands of barrels)		
Questar Exploration & Production	495	554
Wexpro	125	128
Production revenue		
Natural gas (per thousand cubic feet)	$ 4.17	$ 2.17
Oil and natural gas liquids (per barrel)		
Questar Exploration & Production	$ 21.48	$ 21.64
Wexpro	$ 27.92	$ 25.07
Wexpro investment base at March 31, net of deferred income taxes (in millions)	$ 122.2	$ 109.7
Marketing volumes in energy equivalent decatherms (in thousands of decatherms)	24,028	27,025
Natural gas gathering volumes (in thousands of decatherms)		
For unaffiliated customers	22,085	21,778
For Questar Gas	10,211	9,853
For other affiliated customers	6,799	5,164
Total gathering	39,095	36,795
Gathering revenue (per decatherm)	$ 0.13	$ 0.14

Revenues

Strong commodity prices more than offset lower production leading to an 83% increase in revenues in the first quarter of 2001 compared with the first quarter of 2000. Questar E & P reported that its average realized natural gas price rose 92% to $4.17 per thousand cubic feet (Mcf), while gas production was 7% lower and oil and natural gas liquids (NGL) production was 11% lower in the first quarter of 2001. Production volumes decreased in 2001 as a result of sales of reserves, weather-related operational delays and a natural decline in older fields.

Approximately 63% of gas volumes in the first quarter of 2001 were hedged with floors and ceilings averaging $3.28 per Mcf and $3.51 per Mcf, respectively, net to the well. The remainder of gas production realized prices averaging about $6.80 per Mcf, driven by cold winter temperatures and an energy shortage in the western United States. Approximately 52% of gas production for the remaining nine months of 2001 is hedged with floors and ceilings averaging $2.75 per Mcf and $3 per Mcf, respectively. Hedging activities reduced revenues from gas sales by $41.9 million in the first quarter of 2001.

For Questar E & P, the average selling price of oil and NGL was 1% lower in the first quarter of 2001 compared with the same period in 2000. Approximately 58% of 2001 oil production in the quarter was hedged at an average price of $17.20 per barrel, net to the well. The remainder of oil production realized prices averaging about $28 per barrel. Demand in 2001 for NGL caused prices to increase 79% over the same period in 2000. QMR does not hedge the selling price of NGL. Hedging activities reduced revenues from oil sales by $3.2 million in the first quarter of 2001.

Revenues from energy marketing increased $82.3 million in the first quarter comparison as a result of higher commodity prices. The margin from energy marketing was $4.5 million in 2001 compared with breakeven in the 2000 period.

Expenses

Operating and maintenance expenses increased 3% in the first quarter of 2001 compared with the corresponding 2000 period primarily because of the increase in the number of producing properties including the acquisition of a Canadian gas and oil company in January 2000. In addition, higher gas prices increased the cost of replacing gas in extraction plant operations.

A lower full-cost amortization rate combined with 7% lower production, on an energy equivalent basis, resulted in decreased depreciation and amortization expense in 2001. The combined U.S. and Canadian full-cost amortization rate for the first quarter of 2001 was $.79 per thousand cubic feet equivalent (Mcfe) of production compared with $.80 for the corresponding quarter a year ago. The combined rate for the second quarter of 2001 is expected to increase to $.83 per Mcfe due to higher drilling costs.

Other taxes increased because of higher gas prices and the effect on production-related taxes. Debt expense was lower in the 2001 period because of decreased borrowing.

The effective income tax rate for the first quarter of 2001 was 36.3% up from the 32.8% for the same period of 2000. The effective income tax rate increased because of a higher portion of earnings derived from Canada, where income tax rates are higher. The Company recognized $1,217,000 of nonconventional fuel tax credits in the 2001 period and $1,137,000 in the 2000 period.

Other income

Other income was substantially higher in the first quarter of 2001 as a result of a $1.1 million pretax gain from selling nonstrategic gathering properties. The property sale was part of a larger package that included producing properties. QMR placed the $27 million of proceeds into an escrow account pending a search for suitable properties in a like kind exchange for income tax purposes.

Net income

QMR's first quarter net income increased $18.9 million, representing a 125% improvement over the first quarter of 2000. The increase resulted from higher commodity prices, increased earnings for Wexpro and a gain from selling nonstrategic gathering properties.

Wexpro's net income increased $800,000 in the first quarter of 2001. Wexpro increased its investment in development-drilling projects. Wexpro develops gas reserves on behalf of affiliated company, Questar Gas, which is a rate-regulated distributor of natural gas. In addition, higher oil and NGL prices contributed to Wexpro's improved earnings.

Liquidity and Capital Resources

Operating Activities

Net cash provided from operating activities in the first quarter of 2001 of $106.2 million was $75.1 million more than was generated in the first quarter of 2000. The increase in cash flow from operating activities resulted from higher net income and the release of cash deposited as collateral for hedging contracts.

Investing Activities

Capital expenditures were $24.5 million in 2001. Forecasted capital expenditures for calendar year 2001 are $194.1 million.

Financing Activities

Net cash provided from operating activities enabled QMR to repay short-term debt, finance capital expenditures and loan the remaining cash to Questar. On March 6, 2001, Market Resources in a public offering issued $150 million of 7.5% notes due 2011. Market Resources applied the proceeds of the debt offering to repay a portion of its outstanding floating-rate debt. QMR expects to finance 2001 capital expenditures with the proceeds of net cash provided from operating activities, borrowing on its bank credit and borrowing from Questar.

Quantitative and Qualitative Disclosures about Market Risk

QMR's primary market-risk exposures arise from commodity-price changes for natural gas, oil and other hydrocarbons and changes in long-term interest rates. The Company has an investment in a foreign operation that may subject it to exchange-rate risk. QMR also has reserved pipeline capacity for which it is obligated to pay $3 million annually for the next six years, regardless of whether it is able to market the capacity to others.

HEDGING POLICY

The Company has established policies and procedures for managing market risks through the use of commodity-based derivative arrangements. A primary objective of these hedging transactions is to protect the Company's commodity sales from adverse changes in energy prices. The volume of production hedged and the mix of derivative instruments employed are regularly evaluated and adjusted by management in response to changing market conditions and reviewed periodically by the Board of Directors. Additionally, under the terms of the Market Resources' revolving credit facility, not more than 75% of Market Resources' production quantities can be committed to hedging arrangements. The Company does not enter into derivative arrangements for speculative purposes.

ENERGY-PRICE RISK MANAGEMENT

Energy-price risk is a function of changes in commodity prices as supply and demand fluctuate. Market Resources bears a majority of the risk associated with changes in commodity prices. The Company uses hedge arrangements in the normal course of business to limit the risk of adverse price movements; however, these same arrangements usually limit future gains from favorable price movements.

QMR held hedge contracts covering the price exposure for about 42.6 million dth of gas and 735,000 barrels of oil at March 31, 2001. A year earlier the contracts covered 58.6 million dth of natural gas and 2.1 million barrels of oil. The hedging contracts exist for a significant share of QMR-owned gas and oil production and for a portion of energy-marketing transactions. The contracts at March 31, 2001 had terms extending through December 2003. About 86% of those contracts, representing approximately $49 million, settle and will be reclassified from other comprehensive loss in the next 12 months.

The undiscounted mark-to-market adjustment of financial gas and oil price-hedging contracts at March 31, 2001 was a negative $48.4 million. A 10% decline in gas and oil prices would decrease the mark-to-market adjustment by $9 million; while a 10% increase in prices would increase the mark-to-market adjustment by $8.9 million. The mark-to-market adjustment of gas and oil price-hedging contracts at March 31, 2000 was a negative $31.5 million. A 10% decline in gas and oil prices at that time would have caused a positive mark-to-market adjustment of $18 million. Conversely, a 10% increase in prices would have resulted in a $18.6 million negative mark-to-market adjustment at that date. The calculations used energy prices posted on the NYMEX, various "into the pipe" postings and fixed prices for the indicated measurement dates. These sensitivity calculations do not consider changes in the fair value of the corresponding scheduled physical transactions (i.e., the correlation between the index price and the price to be realized for the physical delivery of gas or oil production), which should largely offset the change in value of the hedge contracts.

INTEREST-RATE RISK MANAGEMENT

As of March 31, 2001, QMR owed $79.4 million of floating-rate long-term debt. The book value of floating-rate debt approximates fair value.

FOREIGN CURRENCY RISK MANAGEMENT

The Company does not hedge the foreign currency exposure of its foreign operation's net assets and long-term debt. Long-term debt held by the foreign operation, amounting to $44.4 million (U.S.), and is expected to be repaid from future operations of the foreign company.

Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of Section 27(a) of the Securities Act of 1933, as amended, and Section 21(e) of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included or incorporated by reference in this report, including, without limitation, statements regarding the Company's future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "could", "expect", "intend", "project", "estimate", "anticipate", "believe", "forecast", or "continue" or the negative thereof or variations thereon or similar terminology. Although these statements are made in good faith and are reasonable representations of the Company's expected performance at the time, actual results may vary from management's stated expectations and projections due to a variety of factors.

Important assumptions and other significant factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements include changes in general economic conditions, gas and oil prices and supplies, competition, rate-regulatory issues, regulation of the Wexpro settlement agreement, availability of gas and oil properties for sale or for exploration and other factors beyond the control of the Company. These other factors include the rate of inflation, quoted prices of securities available for sale, the weather and other natural phenomena, the effect of accounting policies issued periodically by accounting standard-setting bodies, and adverse changes in the business or financial condition of the Company.

Part II

Other Information

Item 6. Exhibits and Reports on Form 8-K

b. The Company filed two Current Reports on Form 8-K dated February 13, 2001 and March 6 , 2001. The first report disclosed the appointment of Keith O. Rattie as Vice Chairman of the Company. The second report included two exhibits for the Company's public debt financing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

QUESTAR MARKET RESOURCES, INC.
(Registrant)

May 11, 2001	/s/ G. L. Nordloh
(Date)	G. L. Nordloh President and Chief Executive Officer
May 11, 2001	/s/ S. E. Parks
(Date)	S. E. Parks Vice President, Treasurer and Chief Financial Officer